

CANAL ELECTRIC COMPANY, CAMBRIDGE ELECTRIC LIGHT COMPANY  
AND COMMONWEALTH ELECTRIC COMPANY

D.T.E. 02-34

FIRST SET OF INFORMATION REQUESTS OF THE  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY TO  
CANAL ELECTRIC COMPANY, CAMBRIDGE ELECTRIC LIGHT COMPANY  
AND COMMONWEALTH ELECTRIC COMPANY

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Pursuant to 220 C.M.R. § 1.06(6)(c), the Department of Telecommunications and Energy (“Department”) submits to Canal Electric Company (“Canal”), Cambridge Electric Light Company (“Cambridge”), and Commonwealth Electric Company (“Commonwealth”) (collectively, “NSTAR” or “the Companies”) the following Information Requests.

**Instructions**

The following instructions apply to this set of Information Requests and all subsequent Information Requests issued by the Department to the Companies in this proceeding.

1. Each request should be answered in writing on a separate, three-hole punch page with a recitation of the request, a reference to the request number, the docket number of the case and the name of the person responsible for the answer.
2. Do not wait for all answers to be completed before supplying answers. Provide the answers as they are completed.
3. These requests shall be deemed continuing so as to require further supplemental responses if the Companies or their witness receives or generates additional information within the scope of these requests between the time of the original response and the close of the record in this proceeding.
4. The term “provide complete and detailed documentation” means:  
  
Provide all data, assumptions and calculations relied upon. Provide the source of and basis for all data and assumptions employed. Include all studies, reports and planning documents from which data, estimates or assumptions were drawn and support for how

the data or assumptions were used in developing the projections or estimates. Provide and explain all supporting work-papers.

5. The term “document” is used in its broadest sense and includes, without limitation, writings, drawings, graphs, charts, photographs, phono-records, microfilm, microfiche, computer printouts, correspondence, handwritten notes, records or reports, bills, checks, articles from journals or other sources and other data compilations from which information can be obtained and all copies of such documents that bear notations or other markings that differentiate such copies from the original.
6. If any one of these requests is ambiguous, notify the Hearing Officer so that the request may be clarified prior to the preparation of a written response.
7. Please serve a copy of the responses on Mary Cottrell, Secretary of the Department and on all parties; also submit two (2) copies of the responses to Jesse S. Reyes, Hearing Officer and one (1) copy each of the other Department staff members listed on the latest distribution list in this proceeding.
8. In addition to filing, all non-proprietary responses are to be submitted by e-mail to [dte.efiling@state.ma.us](mailto:dte.efiling@state.ma.us) and to the e-mail address of any party required to be served.

#### INFORMATION REQUESTS

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| DTE-NSTAR-1-1 | Please provide a complete and detailed description of each of the terms of the agreement to transfer legal and regulatory liabilities associated with Seabrook Station (“Seabrook”) to the buyer, providing citations to the purchase and sale agreement and related documents.  |
| DTE-NSTAR-1-2 | Please provide a complete and detailed description of all legal and regulatory liabilities associated with Seabrook that will remain with the Companies after the sale of the unit.  |
| DTE-NSTAR-1-3 | Please provide a list of all other auctions of electric utility generating facilities that have been managed or conducted by J. P. Morgan and list (1) the name of the utility whose assets were sold; (2) the winning bidder(s); (3) the generation capacity in megawatts that was sold; (4) the price paid for that capacity; and (5) the date that the transaction was completed. |

- DTE-NSTAR-1-4      Are there any financial or other benefits that may accrue to J. P. Morgan, or its corporate affiliates, subsidiaries, parents, or business partners, as a result of the auction sale of Seabrook? If so, please explain the benefit.
- DTE-NSTAR-1-5      Please provide a chart comparing the terms offered by each of the final bidders for Seabrook with the criteria that the Companies believed were most important in selecting the winning bid.
- DTE-NSTAR-1-6      Refer to Testimony of Paul M. Dabbar (May 17, 2002) (“Dabbar Testimony”) at 3, lines 20-21. What criteria were used in selecting J. P. Morgan as the winner of the solicitation process?
- DTE-NSTAR-1-7      Refer to Dabbar Testimony at 4, lines 10-11. Please produce a copy of the “Participation, Compensation and Indemnity Agreement” entered into by J.P. Morgan.
- DTE-NSTAR-1-8      Refer to Dabbar Testimony at 6, line 17. Please produce a list of the “requirements for eligibility to participate in the Auction” established by J. P. Morgan.
- DTE-NSTAR-1-9      Refer to Dabbar Testimony at 8, lines 7-8. Please explain why “bids that were not linked to PPAs would be preferred.”
- DTE-NSTAR-1-10     Refer to Dabbar Testimony at 13, line 19. Please describe the “adjustment provisions by which the purchase price will be adjusted at the time of closing.” Also, include estimates in dollar amounts indicating how much these provisions will be adjusted.
- DTE-NSTAR-1-11     Refer to Dabbar Testimony at 6 (“JPMorgan provided the [Offering Memorandum] to potential bidders who met the requirements for eligibility to participate in the Auction established by JPMorgan”). Please elaborate on the technical and financial qualifications that potential bidders were required to demonstrate in order to participate in the auction process. Elaborate on the number of bidders involved in the process after the initial solicitation to the final bid process. Also, comment on any potential bidders that were rejected from participating and explain the reasons for this rejection.

- DTE-NSTAR-1-12 Refer to Dabbar Testimony at 6. Please elaborate on the selection criteria used by J. P. Morgan to identify entities believed to be potential bidders for the initial solicitation process.
- DTE-NSTAR-1-13 Refer to Dabbar Testimony at 7. Please explain the nature of the confidential questions that invited bidders were allowed to submit. In the explanation, please address the reasons for not allowing the answers to be viewed by all participants.
- DTE-NSTAR-1-14 Refer to Dabbar Testimony at 7. Please elaborate on the comments submitted by bidders in response to the Prototype Transaction Documents. Also, identify any major concerns expressed by participants regarding the auction process and explain how such concerns were resolved.
- DTE-NSTAR-1-15 Refer to Dabbar Testimony at 12. Please further describe the negotiation process between the “Negotiating Team” and the buyer. Also, provide reports of the Negotiating Team made to the Selling Owner Committee and produce any documentation detailing the input that the Selling Owner Committee gave to the Negotiating Team regarding proposed changes.
- DTE-NSTAR-1-16 Please provide a comprehensive comparison of liabilities that the Companies currently have to the liabilities of the Companies under the proposed purchase and sale agreement.
- DTE-NSTAR-1-17 Refer to Dabbar Testimony at 12. Please provide the “detailed bid analysis” prepared by J. P. Morgan for New Hampshire Public Utilities Commission staff, the Utility Operations and Management Analysis unit, and the Sellers for each binding bid received.
- DTE-NSTAR-1-18 Refer to Testimony of Robert H. Martin (“Martin Testimony”) (May 17, 2002) at 6. Please explain the nature of the settlement agreement between the State of New Hampshire and the Public Service Commission of New Hampshire.
- DTE-NSTAR-1-19 Refer to Martin Testimony at 8. Please compare the proceeds received from the sale of Canal’s interest in Seabrook with the book basis of the facilities sold.
- DTE-NSTAR-1-20 Refer to Martin Testimony at 8. Please provide the tax gain or loss realized as a result of the sale of Canal’s interest in Seabrook.

- DTE-NSTAR-1-21 Refer to Martin Testimony at 8. Please provide the anticipated amount of Canal's qualified and non-qualified decommissioning trust funds transferred to FPLE Seabrook at the time of sale.
- DTE-NSTAR-1-22 Refer to Martin Testimony at 8. Please provide a copy of the most recent Internal Revenue Service private letter ruling approving the Companies' decommissioning ruling amounts.
- DTE-NSTAR-1-23 Please provide the balance in both the qualified and non-qualified decommissioning trust funds as of May 31, 2002.
- DTE-NSTAR-1-24 Refer to Martin Testimony at 8. Please explain how the amount of the decommissioning top-off payments will be determined.
- DTE-NSTAR-1-25 Refer to Martin Testimony at 8. Please provide a copy of any private letter ruling received by Canal from the Internal Revenue Service with respect to the taxable status of the transfer of the nuclear decommissioning trust fund to FPLE Seabrook. If a private letter ruling not yet has been issued, please provide a copy of the Companies' request for an IRS private letter ruling on this matter.
- DTE-NSTAR-1-26 Refer to Martin Testimony at 8. Please describe Canal's responsibilities with respect to future decommissioning costs after its portion of the decommissioning trust fund has been transferred to FPLE Seabrook.
- DTE-NSTAR-1-27 Refer to Martin Testimony at 9. Please provide the rationale supporting Canal's decision not to purchase power from Seabrook after the sale. In your response, detail the projections, assumptions and estimates used in reaching this decision, as well as all related work papers and schedules.
- DTE-NSTAR-1-28 Refer to Martin Testimony at 9. Please describe the mechanism by which any excess decommissioning trust funds would be returned to Massachusetts customers.
- DTE-NSTAR-1-29 Refer to Martin Testimony at 10. Please expand on the statement that the sale of Seabrook will have a "direct and significant beneficial effect on Cambridge's and Commonwealth's customers."
- DTE-NSTAR-1-30 Refer to Martin Testimony at 12. Please describe the "10 percent adjustment associated with the investment in Seabrook Unit 2."

- DTE-NSTAR-1-31 Refer to Martin Testimony at 12. Please describe the transfer and sales taxes anticipated as a result of the sale of Canal's interest in Seabrook.
- DTE-NSTAR-1-32 Refer to Martin Testimony at 13-14 and to Exhibit 5, at 3. Please provide all documentation, including but not limited to the worksheets, calculations, statistical analyses, model simulation, Seabrook's historical performance data, assumptions, reports, notes, and memoranda, pertaining to the determination of the incremental operating costs.
- DTE-NSTAR-1-33 Refer to Martin Testimony at 13-14 and to Exhibit 5, at 4. Please provide all documentation, including but not limited to the worksheets, calculations, statistical analyses, model simulation, Seabrook's historical performance data, assumptions, reports, notes, and memoranda, pertaining to the determination of the avoided capital additions.
- DTE-NSTAR-1-34 Refer to Martin Testimony at 13-14 and to Exhibit 5, at 5. Please provide all documentation, including but not limited to the worksheets, calculations, statistical analyses, model simulation, Seabrook's historical performance data, assumptions, reports, notes, and memoranda, pertaining to the determination of the avoided transmission costs.
- DTE-NSTAR-1-35 Refer to Martin Testimony at 13-14 and to Exhibit 5, at 6. Please provide all documentation, including but not limited to the worksheets, calculations, statistical analyses, model simulation, Seabrook's historical performance data, assumptions, reports, notes, memoranda, pertaining to the inputs and method used to determine the estimated market price of power under the Henwood model.
- DTE-NSTAR-1-36 Refer to Martin Testimony at 13-14 and to Exhibit 4. Please provide the original Power Contract and all the Amendments to it, from First to Eighth.
- DTE-NSTAR-1-37 Refer to Martin Testimony at 13-14 and to Exhibit 4. Please indicate the power purchase prices, with a breakdown of the price for capacity and energy paid by Cambridge and Commonwealth to Canal for Seabrook's output from the commencement of its operation through 2002.
- DTE-NSTAR-1-38 Refer to Martin Testimony at 13-14 and to Exhibit 5. Please state and explain the discount rate used to calculate the net present value.

- DTE-NSTAR-1-39 Refer to Martin Testimony at 13-14 and to Exhibit 5. Please provide actual capacity factors ("CF") of Seabrook for each of the last ten years of its operation and the U.S. average CF data for nuclear power plants during the same period (providing data for pressurized water reactors, boiling water reactors, and combined).
- DTE-NSTAR-1-40 Refer to Martin Testimony at 13-14 and to Exhibit 5. The Companies, in their estimation of the market price of power and incremental operating costs, assume that Seabrook's CF in an outage year and in a non-outage year would be 89.1 percent and 95.7 percent, respectively. Please prepare and provide a sensitivity analysis of the stranded costs for the following scenarios: (1) CF reduced by 5%; (2) CF reduced by 10%.
- DTE-NSTAR-1-41 Refer to Martin Testimony at 7-8. Please provide all documentation, including but not limited to the worksheets, calculations, statistical analyses, model simulation, Seabrook's historical performance data, assumptions, reports, notes, and memoranda, pertaining to the determination of the estimated buyout amount of \$14.4 million.
- DTE-NSTAR-1-42 Refer to Martin Testimony at 13-14 and to Exhibit 5, at page 6. Please indicate the sources of information used by the Companies in their assumptions regarding the market prices and value of power from the year 2003 to 2026. Please indicate whether, and if so, how, the results would change if the forecast market prices are consistent with the current projections of the U.S. Energy Information Administration (EIA).

Dated: June 18, 2002

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Jesse S. Reyes, Hearing Officer